

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

Illinois Bell Telephone Company

:

**Filing to increase Unbundled Loop
and Nonrecurring Rates**

:

ICC Docket No. 02-0864

:

**ISSUES LIST AND OUTLINE OF
INITIAL BRIEF OF THE STAFF OF
THE ILLINOIS COMMERCE COMMISSION**

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**ISSUES LIST AND OUTLINE OF
INITIAL BRIEF OF THE STAFF OF
THE ILLINOIS COMMERCE COMMISSION**

Staff of the Illinois Commerce Commission ("Staff"), by its attorneys, hereby presents its Issues List and Outline of Brief in the above-captioned proceeding. Staff has included testimonial citations received from other parties for the benefit of the Administrative Law Judges, but the information provided does not cover all parties.

I. Introduction and Summary of Position

II. General Issues

A. Legal Requirements For Setting UNE Rates

B. Economic/Policy Issues Associated With UNE Pricing (Including Benchmarking Analyses and Trends in Telecommunications Cost)

Staff Ex. 1 (Hoagg), pp. 4-11; Staff Ex. 2 (Staranczak Direct), pp. 3-14; Staff Ex. 22 (Staranczak Rebuttal to SBC), pp. 2-9.

SBC III. Ex. 1.0 (Panfil Direct), pp. 8-12; SBC III. Ex. 2.0 (Aron Direct), pp. 24-54; SBC III. Ex. 2.1 (Aron Rebuttal), pp. 34-50, 79-81, 86-88; SBC III. Ex. 2.2 (Aron Surrebuttal), pp. 21-24; SBC III. Ex. 2.0 (Aron Direct), pp. 5-24; SBC III. Ex. 2.1 (Aron Rebuttal), pp. 1-33, 50-62; SBC III. Ex. 7.1 (Barch Rebuttal), p. 13; SBC III. Ex. 14.0 (W.

Palmer Rebuttal), pp. 34-38; SBC III. Ex. 20.0 (Sneed Rebuttal); SBC III. Ex. 2.2 (Aron Surrebuttal), pp. 2-21, 24-26; SBC III. Ex. 7.2 (Barch Surrebuttal), pp. 2-3; SBC III. Ex. 20.1 (Sneed Surrebuttal), pp. 1-10; SBC III. Ex. 2.1 (Aron Rebuttal), pp. 59-62; SBC III. Ex. 4.1 (Smallwood Rebuttal), pp. 33-38; SBC III. Ex. 4.2 (Smallwood Surrebuttal), pp. 6-10.

CUB Ex. 1.0 (Baldwin Direct), pp 5-6; 8-14.

III. UNE Loop Recurring Cost Studies

A. Compliance With TELRIC-Generally (Including SBC Illinois Loop Cost Analysis Tool)

Staff Ex. 1 (Hoagg Direct), pp. 11-23; Staff Ex. 21 (Hoagg Rebuttal to SBC), pp. 12-15; Staff Ex. 3.0 (Lazare Direct), pp. 2-3, 12-16; Staff Ex. 5 (Staranczak Adopting Liu), pp. 1-9, 41-52; Staff Ex. 22 (Staranczak Rebuttal to SBC), pp. 43-46.

SBC III. Ex. 4.0 (Smallwood Direct), pp. 4-6, 13-34; SBC III. Ex. 4.1(Smallwood Rebuttal), pp. 1-3, 8-38; SBC III. Ex. 4.2 (Smallwood Surrebuttal), pp. 1-6; SBC III. Ex. 14.1 (W. Palmer Surrebuttal), pp. 3-4.

B. Major Inputs To Cost Studies

1. Fill Factors

Staff Ex. 1 (Hoagg Direct), pp. 23-29; Staff Ex. 21 (Hoagg Rebuttal to SBC), pp. 16-17; Staff Ex. 5 (Staranczak Adopting Liu), pp. 23-26; Staff Ex. 10 (Green), pp. 4-15, 16-18; Staff Ex. 32 (Green), pp. 1-11; Staff Ex. 2 (Staranczak Direct), pp. 14-22; Staff Ex. 22 (Staranczak Rebuttal to SBC), pp. 9-17; Staff Ex. 22 (Staranczak Rebuttal to SBC), pp. 30, 39-40; Staff Ex. 17 (Liu Rebuttal to CLECs), pp. 1-38; Staff Ex. 25 (Liu Rebuttal to SBC), pp. 1-34; Staff Ex. 34 (Liu), pp. 1-61.

SBC III. Ex. 1.0 (Panfil Direct), pp. 16-19; SBC III. Ex. 2.0 (Aron Direct), pp. 45-53; SBC III. 2.1 (Aron Rebuttal), pp. 8, 86; SBC III. Ex. 4.0 (Smallwood Direct), pp. 6-12; SBC III. Ex. 4.1 (Smallwood Rebuttal), pp. 38-49; SBC III. Ex. 8.0 (White Direct), pp. 3-27; SBC III. Ex. 8.1 (White Rebuttal), pp. 2-12; SBC III. 14.0 (W. Palmer Rebuttal), pp. 3-30; SBC III. Ex. 2.2 (Aron Surrebuttal), pp. 30-36; SBC III. Ex. 4.2 (Smallwood Surrebuttal), p. 16; SBC III. Ex. 8.2 (White Surrebuttal), pp. 2-12; SBC III. Ex. 14.1 (W. Palmer Surrebuttal), pp. 2-25.

2. Depreciation

Staff Ex. 2 (Staranczak), pp. 22-31; Staff Ex. 13 (Staranczak Adopting Wagner), pp. 2-14; Staff Ex. 15 (Staranczak Rebuttal to CLECs), pp. 2-5; Staff Ex. 22 (Staranczak Rebuttal to SBC), pp. 17-30.

SBC III. Ex. 13.0 (Vanston Direct); SBC III Ex. 13.1 (Vanston Rebuttal); SBC III. Ex. 13.2 (Vanston Surrebuttal).

CUB Ex. 1.0 (Baldwin Direct), pp. 31-37; CUB Ex. 2.0 (Baldwin Rebuttal), pp. 16-28.

3. Cost of Capital

Staff Ex. 12 (McNally Direct), pp. 2-42; Staff Ex. 31 (McNally Rebuttal to SBC), pp. 1-25; Staff Ex. 36 (McNally Surrebuttal), pp. 1-8.

SBC III. Ex. 12.0 (Avera Direct); SBC III. Ex. 12.1 (Avera Rebuttal); SBC III. Ex. 12.2 (Avera Surrebuttal).

CUB Ex. 1.0 (Baldwin Direct), pp. 37-45; CUB Ex. 2.0 (Baldwin Rebuttal), pp. 28-33.

C. Other Loop Recurring Cost Modeling And Input Issues

1. Cable and DLC Installation Costs/Factors

Staff Ex. 3.0 (Lazare Direct), pp. 17-29; Staff Ex. 23 (Lazare Rebuttal), pp. 2-3, 4-11; Staff Ex. 5 (Staranczak Adopting Liu), pp. 19-23; Staff Ex. 22 (Staranczak Rebuttal to SBC), pp. 31, 37-39.

SBC III. Ex. 4.0 (Smallwood Direct), pp. 29-30; SBC III. Ex. 4.1 (Smallwood Rebuttal), pp. 49-75); ; SBC III. Ex. 4.2 (Smallwood Surrebuttal), pp. 31-44; SBC III. Ex. 8.1(White Rebuttal), pp. 13-47; SBC III. Ex. 8.2 (White Surrebuttal), pp. 12-25; SBC III. Ex. 15.0, pp. 7-23 (D. Palmer Rebuttal) ; SBC III. Ex.15.1 (D. Palmer Surrebuttal), pp. 7-12; SBC III. Ex. 17.0 (Dominak Rebuttal), pp. 28-30; SBC III. Ex. 17.1 (Dominak Surrebuttal), pp. 28-30.

2. Copper/Fiber Crossover Point

Staff Ex. 4.0 (Koch Direct), pp. 6-12, 13-16; 19-23, 39; Staff Ex. 16 (Koch Rebuttal to CLECs), pp. 3-5; Staff Ex. 24 (Koch Rebuttal to SBC), pp. 1-2, 8-14; Staff Ex. 5 (Staranczak Adopting Liu), pp. 12-18; Staff Ex. 10 (Green), pp. 16.

SBC Illinois Ex. 4.1 (Smallwood Rebuttal), pp. 18-22; SBC III. Ex. 4.2 (Smallwood Surrebuttal), pp. 30-31; SBC III. Ex. 8.1(White Rebuttal), pp. 60-61; SBC III. Ex. 8.2 (White Surrebuttal), pp. 31-32.

3. Other DLC Investment Cost Issues

a) Remote Terminal Cabinet Sizes

Staff Ex. 4 (Koch), pp. 13-15, 19; Staff Ex. 24 (Koch Rebuttal to SBC), pp. 3-8, 30.

SBC III. Ex. 4.1 (Smallwood Rebuttal), pp. 75-78; SBC III. Ex.4.2 (Smallwood Surrebuttal), pp. 17-22; SBC III. Ex. 8.1(White Rebuttal), pp. 48-49.

b) Alcatel Discounts

Staff Ex. 16 (Koch Rebuttal to CLECs), pp. 2-3.

SBC III. Ex. 4.1 (Smallwood Rebuttal), p. 78; SBC III. Ex. 15.0 (D. Palmer Rebuttal), pp. 23-27; SBC III. Ex. 15.1 (D. Palmer Surrebuttal), pp. 3-6.

c) Mix of Universal Digital Loop Carrier (“UDLC”) and Integrated Digital Loop Carrier (“IDLC”) facilities

Staff Ex. 16 (Koch Rebuttal to CLECs), pp. 2-3.

SBC III. Ex. 4.1 (Smallwood Rebuttal), pp. 78-80; SBC III. Ex. 4.2 (Smallwood Surrebuttal), pp. 26-28; SBC III. Ex. 8.1 (White Rebuttal), pp. 51-58; SBC III. Ex. 8.2 (White Surrebuttal), pp. 26-30.

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SBC III. Ex. 4.1 (Smallwood Rebuttal), p. 80; SBC III. Ex. 4.2 (Smallwood Surrebuttal), pp. 27-28; SBC III. Ex. 8.2 (White Surrebuttal), p. 31.

e) Calculation and Application of Building Cost Factor

SBC III. Ex. 4.1 (Smallwood Rebuttal), pp. 82-83; SBC III. Ex. 4.2 (Smallwood Surrebuttal), pp. 52-53.

f) Allocation of Shared DLC Components

SBC III. Ex. 4.1 (Smallwood Rebuttal), p. 81; SBC III. Ex. 8.1 (White Rebuttal), pp. 58-59.

g) Remote Terminal Investment Cost Allocation

Staff Ex. 4.0 (Koch Direct), pp. 16-18, 19, 39; Staff Ex. 16 (Koch Rebuttal to CLECs), pp. 2-3; Staff Ex. 24 (Koch Rebuttal to SBC), pp. 1-2, 14-16; Staff Ex. 5 (Staranczak Adopting Liu), pp. 18-19.

SBC III. Ex. 4.1(Smallwood Rebuttal), pp. 83-85; SBC III. Ex. 4.2 (Smallwood Surrebuttal), pp. 22-25; SBC III. Ex. 8.1(White Rebuttal), pp. 49-51; SBC III. Ex. 8.2 (White Surrebuttal), pp. 25-26.

4. Premises Termination Costs

Staff Ex. 3 (Lazare Direct), pp. 30-33; Staff Ex. 23 (Lazare Rebuttal), pp. 12-16; Staff Ex. 5 (Staranczak Adopting Liu), pp. 30-33; Staff Ex. 22 (Staranczak Rebuttal to SBC), pp. 31-32, 41-42.

SBC III. Ex. 4.1 (Smallwood Rebuttal), pp. 6-7, 85-88; SBC III. Ex. 4.2 (Smallwood Surrebuttal), pp. 44-46, 48.

a) NID and Drop Wire Installation costs (Including Travel Times)

Staff Ex. 3 (Lazare Direct), pp. 30-33; Staff Ex. 23 (Lazare Rebuttal), pp. 12-16; Staff Ex. 5 (Staranczak Adopting Liu), pp. 30-31.

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SBC III. Ex. 4.1 (Smallwood Rebuttal), pp. 5-6, 88; SBC III. Ex. 4.2 (Smallwood Surrebuttal), pp. 47-48.

5. FDI Costs

SBC III. Ex. 4.1 (Smallwood Rebuttal), p. 89-90; SBC III. Ex. 4.2 (Smallwood Surrebuttal), pp. 49-50; SBC III. Ex. 8.1(White Rebuttal), pp. 67-71.

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SBC III. Ex. 4.1 (Smallwood Rebuttal), pp. 90-96; SBC III. Ex. 4.2 (Smallwood Surrebuttal), pp. 49-50; SBC III. Ex. 8.1 (White Rebuttal), pp. 62-67.

7. Loop Length, Cable Size and Cable Gauge Modeling

SBC III. Ex. 4.0 (Smallwood Direct), pp. 23-28; SBC III. Ex. 4.1 (Smallwood Rebuttal), pp. 96-102; SBC III. Ex. 8.1(White Rebuttal), pp. 71-72.

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SBC III. Ex. 4.1 (Smallwood Rebuttal), pp. 96-97; SBC III. Ex. 4.2 (Smallwood Surrebuttal), p. 50.

b) Data Used to Develop Loop Lengths

SBC III. Ex. 4.0 (Smallwood Direct), pp. 25-26; SBC III. Ex. 4.1(Smallwood Rebuttal), pp. 28, 97, 100-101; SBC III. Ex. 4.2 (Smallwood Surrebuttal), pp. 50-51.

c) Distribution Cable Resistance Limits

Staff Ex. 16 (Koch), pp. 3-5.

SBC III. Ex. 4.1 (Smallwood Rebuttal), pp. 98-99.

d) Allocation of Copper Cable Inventory Between Feeder and Distribution Plant

SBC III. Ex. 4.1 (Smallwood Rebuttal), p. 99; SBC III. Ex. 4.2 (Smallwood Surrebuttal), p. 51.

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SBC III. Ex. 4.1 (Smallwood Rebuttal), p. 100; SBC III. Ex. 4.2 (Smallwood Surrebuttal), p. 51.

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SBC III. Ex. 4.0 (Smallwood Direct), pp. 27-28; SBC III. Ex. 4.1 (Smallwood Rebuttal), pp. 93-95, 100-101; SBC III. Ex. 8.1 (White Rebuttal), pp. 71-72.

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SBC III. Ex. 4.1(Smallwood Rebuttal), p. 103.

9. Previous Methodologies

SBC III. Ex. 4.0 (Smallwood Direct), pp. 23-34; SBC III. Ex. 4.1 (Smallwood Rebuttal), pp. 24-28; SBC III. Ex. 4.2 (Smallwood Surrebuttal), pp. 10-15; SBC III. Ex. 14.0 (W. Palmer Rebuttal), pp. 30-34; SBC III. Ex. 14.1 (W. Palmer Surrebuttal), pp. 25-35.

10. Agreed Upon Issues

a) Controlled Environmental Vaults

SBC III. Ex. 4.1 (Smallwood Rebuttal), p. 7; SBC III. Ex. 4.2 (Smallwood Surrebuttal), p. 21.

b) Feeder Stubs

SBC III. Ex. 4.1 (Smallwood Rebuttal), p. 103.

c) Adjustment to Remove Double-Counting of Distribution Terminal Costs

SBC III. Ex. 4.1 (Smallwood Rebuttal), pp. 6-7.

d) Building Entrance Facilities

SBC III. Ex. 4.1 (Smallwood Rebuttal), p. 88.

e) Mix of Residential and Business Premises Terminations

Staff Ex. 7.0 (Zolnierrek), pp. 72-76; Staff Ex. 19.0 (Zolnierrek), pp. 17-23; Staff Ex. 27, pp. 47-49; Staff Ex. 5 (Staranczak Adopting Liu), pp. 26-30.

SBC III. Ex. 4.1 (Smallwood Rebuttal), pp. 7, 87.

f) Non-Chicago Sales Tax

Staff Ex. 3 (Lazare Direct), pp. 34-35; Staff Ex. 23 (Lazare Rebuttal), pp. 3-4; Staff Ex. 5 (Staranczak Adopting Liu), pp. 9-10; Staff Ex. 22 (Staranczak Rebuttal to SBC), pp. 30, 35.

SBC III. Ex. 7.1 (Barch Rebuttal), p. 76.

IV. Non-Recurring Cost Studies And Rate Designs

A. General Issues

1. TELRIC Standards/Principles

Staff Ex. 6 (Hanson Direct), pp. 2-8; Staff Ex. 7.0 (Zolnierrek Direct), pp. 14-15 and 20.

SBC III. Ex. 5.0 (Currie Direct), pp. 5-8; SBC III. Ex. 5.1 (Currie Rebuttal), pp. 8-16; SBC III. Ex. 6.0 (Cass Direct)¹, pp. 4-8; SBC III. Ex. 5.2 (Currie Surrebuttal), pp. 22-23.

2. Cost Causation and Characterization of Costs

Staff Ex. 6 (Hanson), pp. 2-8; Staff Ex. 26 (Hanson Rebuttal to SBC), pp. 2-10.

3. Treatment of Technology

Staff Ex. 7.0 (Zolnierrek Direct), pp. 13-23.

SBC III. Ex. 5.1 (Currie Rebuttal), pp. 10-16; SBC III. Ex. 16.0 (Deere Rebuttal), pp. 3-8; SBC III. Ex. 5.2 (Currie Surrebuttal), pp. 10-11, 17-18.

4. Use of Subject Matter Experts

Staff Ex. 7.0 (Zolnierrek Direct), pp. 13-23.

SBC III. Ex. 5.0 (Currie Direct), pp. 8-9; SBC III. Ex. 6.0 (Cass Direct), pp. 5-6; SBC III. Ex. 10.0 (Brown Direct)² pp. 8-9; SBC III. Ex. 10.1 (Christensen Rebuttal), pp. 14-17; SBC III. Ex. 9.0 (Gomez-McKeon Direct), pp. 4-10; SBC III. Ex. 9.1 (Gomez-McKeon Rebuttal), p. 2; SBC III. Ex. 7.0 (Barch Direct), pp. 64-66, 69-70.

¹ The Direct Testimony of Chris Cass has been adopted by Dr. Kent Currie.

² The Direct Testimony of Justin Brown has been adopted by Fred Christensen.

B. Service Order Nonrecurring Cost Studies

SBC III. Ex. 5.0 (Currie Direct), pp. 8, 10-48; SBC III. Ex. 5.1 (Currie Rebuttal), pp. 20-47.

1. Identification of Tasks

SBC III. Ex. 5.0 (Currie Direct), pp. 13-16, 17-22, 30-35, 37-40, 41-42, 43-48; SBC III. Ex. 10.0 (Brown Direct), pp. 3-17; SBC III. Ex. 10.1 (Christensen Rebuttal), pp. 4-5; SBC III. Ex. 10.2 (Christensen Surrebuttal), pp. 3-6.

2. Activity Times

SBC III. Ex. 5.0 (Currie Direct), pp. 16-17; SBC III. Ex. 5.1 (Currie Rebuttal), pp. 37-47; SBC III. Ex. 10.0 (Brown Direct), pp. 7-9; SBC III. Ex. 10.1 (Christensen Rebuttal), pp. 6-14; SBC III. Ex. 10.2 (Christensen Surrebuttal), pp. 4-6.

3. Occurrence Probabilities

SBC III. Ex. 5.0 (Currie Direct), pp. 22-25, 35-36, 40-41, 42-43, 47-48; SBC III. Ex. 5.1 (Currie Rebuttal), pp. 46-47; SBC III. Ex. 10.0 (Brown Direct), pp. 7, 17-18; SBC III. Ex. 10.1 (Christensen Rebuttal), pp. 3-4; SBC III. Ex. 10.2 (Christensen Surrebuttal), pp. 1-3.

4. Service Order Computer Processing Costs

Staff Ex. 6 (Hanson Direct), pp. 21-23.

SBC III. Ex. 5.0 (Currie Direct), pp. 26-29; SBC III. Ex. 5.1 (Currie Rebuttal), pp. 23-26; SBC III. Ex. 5.2 (Currie Surrebuttal), pp. 18-22.

5. Fallout Rates

Staff Ex. 6 (Hanson Direct), pp. 24-26; Staff Ex. 11.0 (McClerren Direct), pp. 3-25; Staff Ex. 30 (McClerren), pp. 1-15.

SBC III. Ex. 5.0 (Currie Direct), pp. 25-26; SBC III. Ex. 5.1 (Currie Rebuttal), pp. 27-37, 46-47; SBC III. Ex. 11.0 (Mitchell Direct)³, pp. 2-7; SBC III. Ex. 11.1 (McNiel Rebuttal), pp. 2-12; SBC III. Ex. 19.0 (Wiesle Rebuttal), pp. 2-4; SBC III. Ex. 5.2 (Currie Surrebuttal), pp. 4-18; SBC III. Ex. 10.2 (Christensen Surrebuttal), pp. 1-3; SBC III. Ex. 11.2 (McNiel Surrebuttal), pp. 1-5.

6. Other Issues (Including Rate Design)

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Staff Ex. 7.0 (Zolnierrek Direct), pp. 33-72; Staff Ex. 19.0 (Zolnierrek Rebuttal to CLECs), pp. 4-17, Staff Ex. 27.0 (Zolnierrek Rebuttal to SBC), pp. 14-47.

SBC III. Ex. 6.0 (Cass Direct), pp. 8-28; SBC III. Ex. 5.1 (Currie Rebuttal), pp. 20-22, 37-48; SBC III. Ex. 5.2 (Currie Surrebuttal), pp. 3-4, 24-25.

1. Identification of Tasks

Staff Ex. 7.0 (Zolnierrek Direct), pp. 33-43, 48-52; Staff Ex. 27.0 (Zolnierrek Rebuttal to SBC), pp. 14-23.

SBC III. Ex. 6.0 (Cass Direct), pp. 9-16, 21-28; SBC III. Ex. 9.0 (Gomez-McKeon Direct), pp. 3-9, 11-21; SBC III. Ex. 9.1 (Gomez-McKeon Rebuttal), p. 6-22, 24-35; SBC III. Ex. 9.2 (Gomez-McKeon Surrebuttal), pp. 3-5, 7-8, 10-15.

2. Activity Times

Staff Ex. 6 (Hanson Direct), pp. 27-30; Staff Ex. 7.0 (Zolnierrek Direct), pp. 33-43, 52-55; Staff Ex. 27.0 (Zolnierrek Rebuttal to SBC), pp. 14-23, 28-29.

SBC III. Ex. 6.0 (Cass Direct), pp. 9-16, 20-21; SBC III. Ex. 5.1 (Currie Rebuttal), pp. 37-43; SBC III. Ex. 9.0 (Gomez-McKeon Direct), pp. 7-11, 13, 14, 16, 18, 20-21; SBC

³ The Direct Testimony of John Mitchell has been adopted by Lance McNiel.

III. Ex. 9.1 (Gomez-McKeon Rebuttal), p. 7-22, 24-35; SBC III. Ex. 5.2 (Currie Surrebuttal), pp. 3-4, 26-28; SBC III. Ex. 7.2 (Barch Surrebuttal), pp. 37-39; SBC III. Ex. 9.2 (Gomez-McKeon Surrebuttal), pp. 5-10, 12-14.

3. Occurrence Probabilities

Staff Ex. 7.0 (Zolnierrek Direct), pp. 42-48, 57-66; Staff Ex. 27.0 (Zolnierrek Rebuttal to SBC), pp. 23-25, 31-42.

SBC III. Ex. 6.0 (Cass Direct), pp. 9-19; SBC III. Ex. 5.1 (Currie Rebuttal), pp. 44-48; SBC III. Ex. 9.0 (Gomez-McKeon Direct), pp. 7-8, 15; SBC III. Ex. 9.1 (Gomez-McKeon Rebuttal), p. 7-24; SBC III. Ex. 5.2 (Currie Surrebuttal), pp. 3-4; SBC III. Ex. 9.2 (Gomez-McKeon Surrebuttal), pp. 3-4, 6.

4. Fallout Rates

5. Disaggregation of Connect and Disconnect Charges

Staff Ex. 7.0 (Zolnierrek Direct), pp. 40-42, 46-47, 51-52, 61-62, 63, 66-70; Staff Ex. 27.0 (Zolnierrek Rebuttal to SBC), pp. 21-23, 25, 35-36, 38-39, 42-46.

SBC III. Ex. 3.1 (Silver Rebuttal), pp. 2-5, 12-13; SBC III. Ex. 3.2 (Silver Surrebuttal), pp. 2-6.

6. Other Issues (Including Rate Design)

D. Switch Port And Features Nonrecurring Cost Studies

1. Identification of Tasks

Staff Ex. 7.0 (Zolnierrek Direct), pp. 68-72; Staff Ex. 27.0 (Zolnierrek Rebuttal to SBC), pp. 44-47.

SBC III. Ex. 7.0 (Barch Direct), pp. 64-71; SBC III. Ex. 7.1 (Barch Rebuttal), pp. 68-69, 73-74.

2. Activity Times

SBC III. Ex. 7.0 (Barch Direct), pp. 64-71; SBC III. Ex. 7.1 (Barch Rebuttal), pp. 72, 74-75; SBC III. Ex. 18.0 (Cunningham Rebuttal), pp. 2-6; SBC III. Ex. 7.2 (Barch Surrebuttal), pp. 37-39; SBC III. Ex. 18.1 (Cunningham Surrebuttal), pp. 1-4.

3. Occurrence Probabilities

SBC III. Ex. 7.0 (Barch Direct), pp. 64-71; SBC III. Ex. 7.1 (Barch Rebuttal), pp. 69-73.

4. Fallout Rates

SBC III. Ex. 7.1 (Barch Rebuttal), p. 68; SBC III. Ex. 7.1 (Barch Rebuttal), pp. 69-73; SBC III. Ex. 5.2 (Currie Surrebuttal), pp. 4-5, 7-18.

E. Miscellaneous

1. Special Access to UNE Conversion Nonrecurring Cost Study

Staff Ex. 7.0 (Zolnierek Direct), pp. 23-33; IStaff Ex. 19.0 (Zolnierek Rebuttal to CLECs), pp. 4-17, Staff Ex. 27.0 (Zolnierek Rebuttal to SBC), pp. 4-13.

SBC III. Ex. 3.0 (Silver Direct), pp. 19-20; SBC III. Ex. 5.0 (Currie Direct), pp. 36-37; SBC III. Ex. 5.1 (Currie Rebuttal), pp. 45-46, 48-49; SBC III. Ex. 6.0 (Cass Direct), pp. 28-33; SBC III. Ex. 9.1 (Gomez-McKeon Rebuttal), p. 35-37; SBC III. Ex. 3.1 (Silver Rebuttal), p. 11; SBC III. Ex. 5.2 (Currie Surrebuttal), pp. 23-24; SBC III. Ex. 10.2 (Christensen Surrebuttal), pp. 6-7; SBC III. Ex. 9.2 (Gomez-McKeon Surrebuttal), pp. 2-3.

2. ULS Billing Establishment

SBC III. Ex. 5.0 (Currie Direct), pp. 49-50.

F. Labor Rates

Staff Ex. 5 (Staranczak Adopting Liu), pp. 33-36; Staff Ex. 6 (Hanson Direct), pp. 9-21; Staff Ex. 35 (Hanson Surrebuttal), pp. 1-4; Staff Ex. 18 (Hanson Rebuttal to CLECs), pp. 1-5; Staff Ex. 26 (Hanson Rebuttal to SBC), pp. 1-2.

SBC III. Ex. 7.0 (Barch Direct), pp. 53-59; SBC III. Ex. 7.1 (Barch Rebuttal), pp. 49-66, 76; SBC III. Ex. 5.1 (Currie Rebuttal), pp. 26-27; SBC III. Ex. 7.2 (Barch Surrebuttal), pp. 22-28; SBC III. Ex. 5.2 (Currie Surrebuttal), pp. 25-26.

V. Shared And Common Factors

Staff Ex. 6 (Hanson Direct), pp. 26; Staff Ex. 8 (Chang adopting Patrick), pp. 4-61; Staff Ex. 28 (Chang), pp. 2-9.

A. Issues Common To Shared And Common Factors Development

1. Use of New Methodology Generally

Staff Ex. 8.0 (Chang adopting Patrick).

SBC III. Ex. 7.0 (Barch Direct), pp. 5-10, 28-32; SBC III. Ex. 7.1 (Barch Rebuttal), pp. 5-6; SBC III. Ex. 1.1 (Panfil Rebuttal), pp. 25-26.

CUB Ex. 1.0 (Baldwin Direct), pp. 45-46.

2. Use of Regulated and Unregulated data

Staff Ex. 6 (Hanson Direct), pp. 23-24.

SBC III. Ex. 7.1 (Barch Rebuttal), pp. 7-10; SBC III. Ex. 14.0 (W. Palmer Rebuttal), pp. 48-52; SBC III. Ex. 14.1 (W. Palmer Surrebuttal), pp. 36, 48-52.

3. Consistency of Numerators and Denominators

SBC III. Ex. 7.1 (Barch Rebuttal), pp. 14-15; SBC III. Ex. 14.0 (W. Palmer Rebuttal), pp. 41-45; SBC III. Ex. 7.2 (Barch Surrebuttal), pp. 10-11.

4. Productivity and Efficiency

SBC III. Ex. 7.0 (Barch Direct), pp. 48-51); SBC III. Ex. 7.1 (Barch Rebuttal), pp. 10-13; SBC III. Ex. 2.1 (Aron Rebuttal), pp. 78-79; SBC III. Ex. 14.0 (W. Palmer Rebuttal), pp. 42-44; SBC III. Ex. 14.1 (W. Palmer Surrebuttal), pp. 39-40.

B. Common Cost Factor

Staff Ex. 8 (Chang adopting Patrick); Staff Ex. 28 (Chang)..

1. Development of the Denominator

Staff Ex. 8 (Chang adopting Patrick); Staff Ex. 28 (Chang).

SBC III. Ex. 7.0 (Barch Direct), pp. 13-18; SBC III. Ex. 7.1 (Barch Rebuttal), pp. 14-15, 24-25; SBC III. Ex. 14.0 (W. Palmer Rebuttal), pp. 38-45; SBC III. Ex. 7.2 (Barch Surrebuttal), pp. 10-12.

2. The 67XX Accounts (Including Retail Cost Adjustment)

Staff Ex. 8 (Chang adopting Patrick); Staff Ex. 28 (Chang).

SBC III. Ex. 7.0 (Barch Direct), p. 10; SBC III. Ex. 7.1 (Barch Rebuttal), pp. 15-24; SBC III. Ex. 14.0 (W. Palmer Rebuttal), pp. 45-48; SBC III. Ex. 17.0 (Dominak Rebuttal), pp. 4-5; SBC III. Ex. 7.2 (Barch Surrebuttal), pp. 5-7, 8-10; SBC III. Ex. 17.1 (Dominak Surrebuttal), pp. 2-3.

3. Transition Benefit Obligation

Staff Ex. 9.0 (Smith Direct), pp. 3-8; Staff Ex. 20 (Smith Rebuttal to CLECs), pp. 2-4; Staff Ex. 29 (Smith Rebuttal to SBC), pp. 2-9.

SBC III. Ex. 7.0 (Barch Direct), pp. 22-25; SBC III. Ex. 7.1 (Barch Rebuttal), pp. 25-26; SBC III. Ex. 17.0 (Dominak Rebuttal), pp. 5-11; SBC III. Ex. 7.2 (Barch Surrebuttal), pp. 3-4; SBC III. Ex. 17.1 (Dominak Surrebuttal), pp. 3-9.

4. Pension Settlement Gains

Staff Ex. 20 (Smith Rebuttal to CLECs), pp. 11-12.

SBC III. Ex. 7.0 (Barch Direct), pp. 11-13; SBC III. Ex. 7.1 (Barch Rebuttal), p. 27; SBC III. Ex. 17.0 (Dominak Rebuttal), pp. 11-18; SBC III. Ex. 17.1 (Dominak Surrebuttal), pp. 10-12.

5. Merger Savings

Staff Ex. 8 (Chang adopting Patrick).

SBC III. Ex. 7.0 (Barch Direct), pp. 25-28; SBC III. Ex. 7.1 (Barch Rebuttal), pp. 27-30; SBC III. Ex. 7.2 (Barch Surrebuttal), pp. 4-5.

6. Employee Levels

Staff Ex. 9.0 (Smith Direct), pp. 13-14; Staff Ex. 20 (Smith Rebuttal to CLECs), pp. 9-11; Staff Ex. 29 (Smith Rebuttal to SBC), pp. 13-14.

SBC III. Ex. 7.1 (Barch Rebuttal), pp. 30-31; SBC III. Ex. 17.0 (Dominak Rebuttal), pp. 26-27; SBC III. Ex. 7.2 (Barch Surrebuttal), pp. 4-5.

7. Agreed Upon Issues

a) OSS Testing Costs

Staff Ex. 8.0 (Chang Adopting Patrick); Staff Ex. 28 (Chang).

SBC III. Ex. 7.1 (Barch Rebuttal), p. 75.

b) Tier 1 Remedy Payments

Staff Ex. 8.0 (Chang Adopting Patrick); Staff Ex. 28 (Chang).

SBC III. Ex. 7.1 (Barch Rebuttal), p. 76.

c) Digital Divide Payments

Staff Ex. 8.0 (Chang Adopting Patrick); Staff Ex. 28 (Chang).

SBC III. Ex. 7.1 (Barch Rebuttal), p. 76.

d) Non-Chicago Sales Tax

Staff Ex. 3 (Lazare Direct), pp. 34-35; Staff Ex. 23 (Lazare Rebuttal), pp. 3-4.

SBC III. Ex. 7.1 (Barch Rebuttal), p. 76.

C. Shared Cost Factor

1. Definition of Wholesale Shared Costs

SBC III. Ex. 7.0 (Barch Direct), pp. 18-19; SBC III. Ex. 7.1 (Barch Rebuttal), pp. 32-37; SBC III. Ex. 7.2 (Barch Surrebuttal), p. 22.

2. Uncollectible Expense

Staff Ex. 9.0 (Smith Direct), pp. 8-12; Staff Ex. 20 (Smith Rebuttal to CLECs), pp. 4-7; Staff Ex. 29 (Smith Rebuttal to SBC), pp. 9-12.

SBC III. Ex. 7.0 (Barch Direct), pp. 18-21; SBC III. Ex. 7.1 (Barch Rebuttal), pp. 37-38; SBC III. Ex. 7.2 (Barch Surrebuttal), pp. 18-26; SBC III. Ex. 7.3 (Barch Surrebuttal), pp. 12-17; SBC III. Ex. 7.4 (Dominak Surrebuttal), pp. 12-17.

3. Wholesale Marketing Expense

Staff Ex. 9.0 (Smith Direct), pp. 12-13; Staff Ex. 20 (Smith Rebuttal to CLECs), pp. 7-9; Staff Ex. 29 (Smith Rebuttal to SBC), pp. 12-13.

SBC III. Ex. 7.0 (Barch Direct), pp. 18-21; SBC III. Ex. 7.1 (Barch Rebuttal), pp. 38-40; SBC III. Ex. 7.2 (Barch Surrebuttal), pp. 17-18, 21-22; SBC III. Ex. 7.3 (Dominak Surrebuttal), pp. 17-19.

4. Calculation of Wholesale Shared Cost Denominator

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VI. Annual Charge and Other Factors

A. Annual Charge Factors

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1. Adjustments to Maintenance and Other Expense Factors

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SBC III. Ex. 7.0 (Barch Direct), pp. 42-46; SBC III. Ex. 7.1 (Barch Rebuttal), pp. 41-43.

CUB Ex. 1.0 (Baldwin Direct), pp. 49-52.

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SBC III. 7.1 (Barch Rebuttal), pp. 43-44.

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SBC III. Ex. 7.0 (Barch Direct), pp. 40-41; SBC III. Ex. 7.1 (Barch Rebuttal), p. 44; SBC III. Ex. 12.1 (Avera Rebuttal), p. 75; SBC III. Ex. 7.2 (Barch Surrebuttal), p. 35.

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SBC III. Ex. 7.1 (Barch Rebuttal), pp. 44-45, 76; SBC III. Ex. 7.2 (Barch Surrebuttal), pp. 30-31.

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SBC III. Ex. 7.0 (Barch Direct), pp. 60-63); SBC III. Ex. 7.1 (Barch Rebuttal), pp. 45-48, 76; SBC III. Ex. 7.2 (Barch Surrebuttal), pp. 28-29.

D. Inflation/Deflation Factors

SBC III. Ex. 7.0 (Barch Direct), pp. 48-53; SBC III. Ex. 7.1 (Barch Rebuttal), pp. 48-49; SBC III. Ex. 7.2 (Barch Surrebuttal), pp. 29-30, 31-32.

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SBC III. Ex. 7.2 (Barch Surrebuttal), pp. 35-36.

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SBC III. Ex. 1.0 (Panfil Direct), pp. 23-24; SBC III. Ex. 1.1 (Panfil Rebuttal), pp. 8-25; SBC III. Ex. 2.0 (Aron Direct), pp. 24-33; SBC III. Ex. 2.1 (Aron Rebuttal), pp. 63-73; SBC III. Ex. 1.2 (Panfil Surrebuttal), pp. 3-11; SBC III. Ex. 2.2 (Aron Surrebuttal), pp. 26-28, 32-33.

VIII. Other Legal Issues

A. Preemption, Tariffing and Related Issues

B. Procedural and Evidentiary Issues

IX. Conclusion

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